

**Report by the ASCG
on the 41st meeting of its German GAAP Technical Committee
on 31st January 2019 in Berlin**

At the beginning of the meeting, the Technical Committee discussed possible accounting effects in the event of a Hard Brexit in connection with **LCH Derivatives Clearing**. Some have questioned whether the change of the central counterparty leads to derecognition and mandatory recognition of any accumulated gains and losses. The Technical Committee agreed with and confirmed the view of the Secretariat that there was no room in the literature to transfer any balances from derecognised derivatives to newly acquired derivatives if existing portfolios are transferred to a new central counterparty.

In preparation for the revision of **GAS 18 Deferred Taxes**, the Technical Committee discussed further topics pertaining possible changes or additions. In particular, the Technical Committee debated the provisions regarding deferred taxes on temporary differences arising from transactions that affect neither accounting profit nor taxable profit. Further, the Technical Committee discussed the recognition of deferred taxes arising from the initial recognition and subsequent measurement of goodwill. In this context, the Technical Committee stated that there was no legal basis for the option codified in GAS 18.25 regarding deferred taxes on temporary differences between the carrying amount of goodwill in the statement of financial position and its tax base (the difference being due to, e.g., different amortisation periods for goodwill recognised). The Technical Committee therefore decided to change this provision. Discussion of further topics is planned for the next meeting in April 2019.

Further, the Technical Committee continued its deliberations on a revision of current **GAS 3 Segment Reporting**. In the course of its discussions, the Committee agreed to define the term "revenues" more openly and to refer to "revenues or comparable income" instead. It requested the current section on segment accounting policies be fundamentally revised in order to bring it in line with the management approach. The Committee considered it necessary to explain how the internal amounts used for segment reporting were determined and to what extent these deviate from the amounts used in external accounting.

Finally, the Technical Committee discussed the impact if the **IBOR reform** on accounting. ASCG staff presented background information about benchmark transition and key challenges and referred to the status quo of IASB's project *IBOR Reform and the Effects on Financial Reporting*. The Committee requested the staff to further follow the developments and to bring back the topic upon any decisions being advanced.

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